

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



October 24, 2013

Robert Hall
Superintendent
Perryton Independent School District
821 SW 17th Ave.
Perryton, Texas 79070

Dear Superintendent Hall:

On August 23, 2013, the Comptroller received the completed application (Application # 321) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in July 2013 to the Perryton Independent School District (the school district) by Palo Duro Wind Energy, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$308.5 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a renewable energy facility in Ochiltree County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

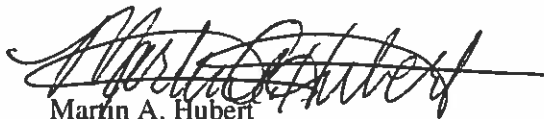
Note that any new building or other improvement existing as of the application review start date August 23, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Palo Duro Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Perryton ISD
2011-12 Enrollment in School District	2,365
County	Ochiltree
Total Investment in District	\$308,550,000
Qualified Investment	\$308,550,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	8*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$885
Minimum Annual Wage committed to by applicant for qualified jobs	\$46,035
Investment per Qualifying Job	\$51,425,000
Estimated 15 year M&O levy without any limit or credit:	\$26,624,817
Estimated gross 15 year M&O tax benefit	\$19,399,320
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$17,344,621
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,976,625
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$9,280,196
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	65.1%
Percentage of tax benefit due to the limitation	84.7%
Percentage of tax benefit due to the credit.	15.3%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Palo Duro Wind Energy, LLC (the project) applying to Perryton Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create eight new jobs when fully operational. All eight of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Council Region, where Ochiltree County is located, was \$41,850 in 2012. The annual average manufacturing wage for 2012 for Ochiltree County was \$40,300. That same year, the county annual average wage for all industries was \$49,647. In addition to an annual average salary of \$46,035 each qualifying position will receive benefits in compliance with the Affordable Care Act, area wide competitive 401(k) retirement savings plan, vacation, sick leave and skills training. The project's total investment is \$308.5 million, resulting in a relative level of investment per qualifying job of \$51.4 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Palo Duro Wind Energy, LLC's application, "Multiple MAP funds have invested approximately \$4,500,000,000 in wind entities and successfully developed multiple wind farms in different states around the United States of America totaling over 3000 MW of wind generating projects. Depending on the ability to generate cost-effective electricity for regional consumers, these companies ultimately have the ability to locate or relocate in another state, another region of Texas, or another region of the world. Palo Duro Wind Energy believes, however, that the proposed site in Ochiltree and Hansford Counties is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas."

Number of new facilities in region [313.026(12)]

During the past two years, 21 projects in the Panhandle Regional Planning Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Palo Duro Wind Energy, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Palo Duro Wind Energy, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Palo Duro Wind Energy, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	5	10	\$200,000	\$166,000	\$366,000
2014	100	94	194	\$4,000,000	\$6,986,000	\$10,986,000
2015	8	9	17	\$368,280	\$1,340,720	\$1,709,000
2016	8	8	16	\$368,280	\$1,218,720	\$1,587,000
2017	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2018	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2019	8	17	25	\$368,280	\$1,584,720	\$1,953,000
2020	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2021	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2022	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2023	8	17	25	\$368,280	\$2,317,720	\$2,686,000
2024	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2025	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2026	8	10	18	\$368,280	\$1,340,720	\$1,709,000
2027	8	12	20	\$368,280	\$1,584,720	\$1,953,000
2028	8	8	16	\$368,280	\$1,340,720	\$1,709,000

Source: CPA, REMI, Palo Duro Wind Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Perryton ISD's ad valorem tax base in 2012-2013 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Perryton ISD's estimated wealth per WADA was \$399,724. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Ochiltree County, Hospital District, Frank Phillips College, and North Plains Underground Water Conservation District, with all property tax incentives sought being granted using estimated market value from Palo Duro Wind Energy, LLC's application. Palo Duro Wind Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and the hospital district. Table 3 illustrates the estimated tax impact of the Palo Duro Wind Energy, LLC project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Perryton ISD I&S Levy	Perryton ISD M&O Levy	Perryton ISD M&O and I&S Tax Levies (Before Credit Credited)	Perryton ISD M&O and I&S Tax Levies (After Credit Credited)	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			0.085000	1.040000				0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	\$7,713,750		\$6,557	\$80,223	\$86,780	\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626	\$3,332,408	\$3,332,408	\$0	\$0	\$94,196	\$77,063	\$3,503,667
2016	\$272,548,500	\$10,000,000		\$231,666	\$104,000	\$335,666	\$335,666	\$0	\$0	\$86,670	\$70,906	\$493,243
2017	\$250,776,300	\$10,000,000		\$213,160	\$104,000	\$317,160	\$202,466	\$0	\$0	\$79,747	\$65,242	\$347,455
2018	\$230,744,500	\$10,000,000		\$196,133	\$104,000	\$300,133	\$191,601	\$0	\$0	\$73,377	\$60,030	\$325,008
2019	\$212,315,000	\$10,000,000		\$180,468	\$104,000	\$284,468	\$181,512	\$0	\$0	\$67,516	\$55,236	\$304,264
2020	\$195,358,900	\$10,000,000		\$166,055	\$104,000	\$270,055	\$172,146	\$0	\$0	\$62,124	\$50,825	\$285,095
2021	\$179,758,100	\$10,000,000		\$152,794	\$104,000	\$256,794	\$163,450	\$0	\$0	\$57,163	\$46,766	\$267,379
2022	\$165,404,600	\$10,000,000		\$140,594	\$104,000	\$244,594	\$159,513	\$0	\$0	\$52,599	\$43,032	\$255,143
2023	\$152,199,400	\$10,000,000		\$129,369	\$104,000	\$233,369	\$151,690	\$0	\$0	\$48,399	\$39,596	\$239,686
2024	\$140,049,500	\$140,049,500		\$119,042	\$1,456,515	\$1,575,557	\$65,823	\$0	\$0	\$44,536	\$36,435	\$146,794
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257	\$1,449,798	\$667,102	\$541,258	\$201,039	\$40,981	\$33,527	\$1,483,906
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290	\$1,334,088	\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875	\$1,227,629	\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336	\$1,129,690	\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$9,401,564	\$1,951,781	\$724,947	\$814,105	\$666,030	\$13,558,427

Assumes School Value Limitation and Tax Abatements with the County and Hospital District.

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Perryton ISD I&S Levy	Perryton ISD M&O Levy		Perryton ISD M&O and I&S Tax Levies	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.085000	1.040000			0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	7,713,750		\$6,557	\$80,223		\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626		\$3,332,408	\$1,244,099	\$462,094	\$94,196	\$77,063	\$5,209,859
2016	\$272,548,500	\$272,548,500		\$231,666	\$2,834,504		\$3,066,171	\$1,144,704	\$425,176	\$86,670	\$70,906	\$4,793,627
2017	\$250,776,300	\$250,776,300		\$213,160	\$2,608,074		\$2,821,233	\$1,053,260	\$391,211	\$79,747	\$65,242	\$4,410,694
2018	\$230,744,500	\$230,744,500		\$196,133	\$2,399,743		\$2,595,876	\$969,127	\$359,961	\$73,377	\$60,030	\$4,058,371
2019	\$212,315,000	\$212,315,000		\$180,468	\$2,208,076		\$2,388,544	\$891,723	\$331,211	\$67,516	\$55,236	\$3,734,230
2020	\$195,358,900	\$195,358,900		\$166,055	\$2,031,733		\$2,197,788	\$820,507	\$304,760	\$62,124	\$50,825	\$3,436,004
2021	\$179,758,100	\$179,758,100		\$152,794	\$1,869,484		\$2,022,279	\$754,984	\$280,423	\$57,163	\$46,766	\$3,161,614
2022	\$165,404,600	\$165,404,600		\$140,594	\$1,720,208		\$1,860,802	\$694,699	\$258,031	\$52,599	\$43,032	\$2,909,163
2023	\$152,199,400	\$152,199,400		\$129,369	\$1,582,874		\$1,712,243	\$639,237	\$237,431	\$48,399	\$39,596	\$2,676,907
2024	\$140,049,500	\$140,049,500		\$119,042	\$1,456,515		\$1,575,557	\$588,208	\$218,477	\$44,536	\$36,435	\$2,463,213
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257		\$1,449,798	\$541,258	\$201,039	\$40,981	\$33,527	\$2,266,602
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290		\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875		\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336		\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$28,800,884	\$10,752,330	\$3,993,723	\$814,105	\$666,030	\$45,027,071

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$24,445,606. The estimated gross 13 year M&O tax benefit, or levy loss, is \$19,399,320.

Attachment 3 is an economic overview of Ochiltree County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Amendment No. 001 Attachment 17

Schedule A (Rev. January 2013) Investment

Form 50-296

Applicant Name
PAUL DURO WIND ENERGY, LLC
FEBRUARY 2014

PROPERTY INVESTMENT AMOUNTS

Estimated Investment each year. Do not put cumulative totals.		Column A Tax Year The amount of new investment placed in the year.	Column B Building or permanent nonresidential component of the building.	Column C Sum of A and B during the qualifying time period.	Column D Other investment put in qualifying investment during the qualifying time period.	Column E Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period. Investment in qualifying time period (Qualifying investment and eligible to become qualified property).	Year	2013-2014	2013			
	1	2014-2015	2014	15,427,500	0	15,427,500
	2	2015-2016	2015	292,522,500	0	292,522,500
	3	2016-2017	2016	0	0	0
	4	2017-2018	2017	0	0	0
	5	2018-2019	2018	0	0	0
	6	2019-2020	2019	0	0	0
	7	2020-2021	2020	0	0	0
	8	2021-2022	2021	0	0	0
	9	2022-2023	2022	0	0	0
	10	2023-2024	2023	0	0	0
	11	2024-2025	2024	0	0	0
	12	2025-2026	2025	0	0	0
	13	2026-2027	2026	0	0	0
	14	2027-2028	2027	0	0	0
	15	2028-2029	2028	0	0	0
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						
Total (Qualifying Time Period)						

Qualifying Time Period: This period usually begins with the first board approval of the application and extends generally for the following five complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment, as defined in Tax Code § 113 (2)(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative total.

Column B: Building or permanent nonresidential component of the building. This number should only represent the planned investment in tangible personal property. It should not include investment in land or other nonresidential property that is not part of the original agreement but scheduled for probable replacement during the qualifying time period. The total dollar amount of planned investment each year in buildings or nonresidential component of buildings that the applicant considers qualified investment under Tax Code § 113 (2)(1)(A)-(D).

Column C: Sum of A and B during the qualifying time period. This number should only represent the planned investment in new buildings or nonresidential components of buildings. For the years outside the qualifying time period, this number should only represent the planned investment in new buildings or nonresidential components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. This is not a significant example for many projects would be. Other examples may be fees such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column D: Other investment put in qualifying investment during the qualifying time period. This number should only represent the planned investment in new buildings or nonresidential components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. This is not a significant example for many projects would be. Other examples may be fees such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column E: Total Investment (A+B+D). This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, reduce original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

August 7, 2013
DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule B (Rev. January 2013): Estimated Market And Taxable Value
PALO DURO WIND ENERGY, LLC

Form 50-296

Applicant Name
 ISD Name

PERRYTON ISD

	Year	School Year (YYYY-YYYY)	Tax Year (FBI actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property on the new building or "in or on the new improvement"		Final taxable value for M&O - after all reductions	Final taxable value for M&O - after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	\$ -	\$ -	\$ 7,713,750	\$ -	\$ 7,713,750	\$ 7,713,750
		2	2015-2016	\$ -	\$ 582,000	\$ 295,632,000	\$ -	\$ 296,214,000	\$ 296,214,000
		3	2016-2017	\$ -	\$ 567,500	\$ 271,981,000	\$ -	\$ 272,548,500	\$ 10,000,000
		4	2017-2018	\$ -	\$ 553,300	\$ 250,223,000	\$ -	\$ 250,776,300	\$ 10,000,000
		5	2018-2019	\$ -	\$ 539,500	\$ 230,205,000	\$ -	\$ 230,744,500	\$ 10,000,000
		6	2019-2020	\$ -	\$ 526,000	\$ 211,789,000	\$ -	\$ 212,315,000	\$ 10,000,000
		7	2020-2021	\$ -	\$ 512,900	\$ 194,846,000	\$ -	\$ 195,358,900	\$ 10,000,000
		8	2021-2022	\$ -	\$ 500,100	\$ 179,258,000	\$ -	\$ 179,758,100	\$ 10,000,000
		9	2022-2023	\$ -	\$ 487,600	\$ 164,917,000	\$ -	\$ 165,404,600	\$ 10,000,000
		10	2023-2024	\$ -	\$ 475,400	\$ 151,724,000	\$ -	\$ 152,199,400	\$ 10,000,000
		11	2024-2025	\$ -	\$ 463,500	\$ 139,586,000	\$ -	\$ 140,049,500	\$ 140,049,500
		12	2025-2026	\$ -	\$ 451,900	\$ 128,419,000	\$ -	\$ 128,870,900	\$ 128,870,900
		13	2026-2027	\$ -	\$ 440,600	\$ 118,145,000	\$ -	\$ 118,585,600	\$ 118,585,600
		14	2027-2028	\$ -	\$ 429,600	\$ 108,693,000	\$ -	\$ 109,122,600	\$ 109,122,600
		15	2028-2029	\$ -	\$ 418,900	\$ 99,998,000	\$ -	\$ 100,416,900	\$ 100,416,900
Credit Settle-Up Period	Continue to Maintain Viable Presence								
	Post- Settle-Up Period								
	Post- Settle-Up Period								

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
 This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

 July 19, 2013
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

Amendment No. 001 Attachment 19

Schedule C- Application: Employment Information

Applicant Name
ISD Name

PALO DURO WIND ENERGY LLC
PERRYTON ISD

Form 50-296

			Construction			New Jobs		Qualifying Jobs		
	Year	School Year (YYYY-YYYY)	Tax Year (F-1 in actual tax year) YYYY	Column A: Number of Construction FTE's or multi- FTEs (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
Tax Credit Period (even 50% cap on credit)		pre year 1	2013	5 FTEs	\$40,000.00	0	\$0.00	0	\$0.00	
	Complete tax years of qualifying time period	1	2014-2015	2014	100 FTEs	\$40,000.00	0	\$0.00	0	\$0.00
		2	2015-2016	2015			3	\$46,035.00	3	\$46,035.00
		3	2016-2017	2016			8	\$46,035.00	6	\$46,035.00
		4	2017-2018	2017			9	\$46,035.00	6	\$46,035.00
		5	2018-2019	2018			8	\$46,035.00	6	\$46,035.00
	Value Limitation Period	6	2019-2020	2019			8	\$46,035.00	6	\$46,035.00
		7	2020-2021	2020			8	\$46,035.00	6	\$46,035.00
		8	2021-2022	2021			8	\$46,035.00	6	\$46,035.00
		9	2022-2023	2022			8	\$46,035.00	6	\$46,035.00
10		2023-2024	2023			8	\$46,035.00	6	\$46,035.00	
Credit Settle-Up Period	11	2024-2025	2024			8	\$46,035.00	6	\$46,035.00	
	12	2025-2026	2025			8	\$46,035.00	6	\$46,035.00	
	13	2026-2027	2026			8	\$46,035.00	6	\$46,035.00	
Post-Settle-Up Period	14	2027-2028	2027			8	\$46,035.00	6	\$46,035.00	
	15	2028-2029	2028			8	\$46,035.00	6	\$46,035.00	

Notes: For job definitions see TAC §§ 105.1(14) and Tax Code §313.02(3)

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

August 7, 2013

Amendment No. 003 Attachment 20

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name PALO DURO WIND ENERGY, LLC				Sales Tax Information		Franchise Tax		PERRYTON ISD Other Property Tax Abatements Sought				Form 50-296	
				Sales Taxable Expenditures		Franchise Tax							
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other			
				Tax/ Calendar Year YYYY	School Year (YYYY-YYYY)	Year							
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)													
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	2014	1,928,438	13,499,063	0	0%	n/a	n/a	n/a		
		2	2015-2016	2015	36,640,313	256,482,188	0	100% *	n/a	100%	n/a		
		3	2016-2017	2016	100,000	200,000	0	100% *	n/a	100%	n/a		
		4	2017-2018	2017	100,000	200,000	0	100% *	n/a	100%	n/a		
		5	2018-2019	2018	100,000	200,000	0	100% *	n/a	100%	n/a		
		6	2019-2020	2019	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		7	2020-2021	2020	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		8	2021-2022	2021	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		9	2022-2023	2022	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		10	2023-2024	2023	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		11	2024-2025	2024	100,000	200,000	80,000	100% *	n/a	100%	n/a		
		12	2025-2026	2025	100,000	200,000	80,000	0%	-	0%	-		
		13	2026-2027	2026	100,000	200,000	80,000	0%	-	0%	-		
		14	2027-2028	2027	100,000	200,000	80,000	0%	-	0%	-		
		15	2028-2029	2028	100,000	200,000	80,000	0%	-	0%	-		

*For planning, construction and operation of the facility

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Sept. 25, 2013

* NOTE - An anticipated contractual PILOT payment of approximately \$2,000 per MW installed will be made annually.

Attachment 2

October 18, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Palo Duro Wind Energy LLC project on the number and size of school facilities in Perryton Independent School District (PISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the PISD superintendent, Robert Hall, the TEA has found that the Palo Duro Wind Energy LLC project would not have a significant impact on the number or size of school facilities in PISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

October 18, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Palo Duro Wind Energy LLC project for the Perryton Independent School District (PISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Palo Duro Wind Energy LLC project on PISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Palo Duro Wind Energy, LLC**

**Prepared by
Randy McDowell, RTSBA
&
Neal Brown
School Finance Consultants**

**Summary of Perryton ISD Financial Impact
of the
Limited Appraised Value Application
from
Palo Duro Wind Energy, LLC**

Introduction

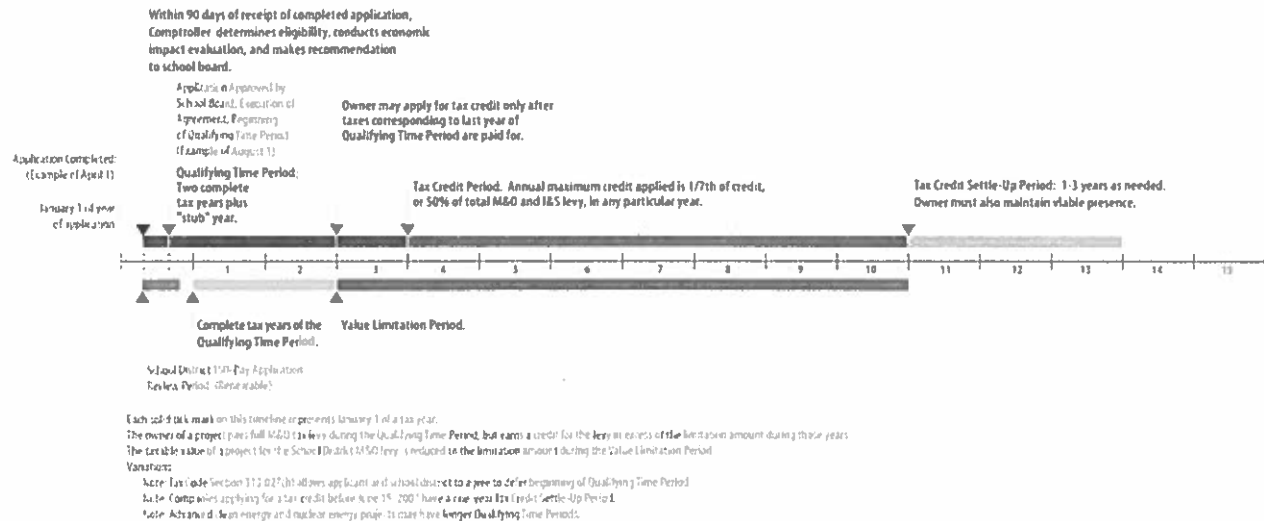
Palo Duro Wind Energy, LLC applied for a property value limitation from Perryton Independent School District under Chapter 313 of the Tax Code. The application was submitted on July 26, 2013 and subsequently approved for consideration by the Perryton ISD Board of Trustees. Palo Duro Wind Energy, LLC ("Palo Duro Wind"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

"The Economic Development Act ", Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

Perryton ISD Financial Impact of Chapter 313 Agreement

Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement") to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Perryton ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Perryton ISD

Perryton ISD Financial Impact of Chapter 313 Agreement

has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Perryton ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Palo Duro Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Perryton ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Palo Duro Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	7,713,750	n/a	0	7,713,750
Jan. 1, 2015	296,214,000	n/a	0	296,214,000
Jan. 1, 2016	272,548,500	(10,000,000)	262,548,500	10,000,000
Jan. 1, 2017	250,776,300	(10,000,000)	240,776,300	10,000,000
Jan. 1, 2018	230,744,500	(10,000,000)	220,744,500	10,000,000
Jan. 1, 2019	212,315,000	(10,000,000)	202,315,000	10,000,000
Jan. 1, 2020	195,358,900	(10,000,000)	185,358,900	10,000,000
Jan. 1, 2021	179,758,100	(10,000,000)	169,758,100	10,000,000
Jan. 1, 2022	165,404,600	(10,000,000)	155,404,600	10,000,000
Jan. 1, 2023	152,199,400	(10,000,000)	142,199,400	10,000,000
Jan. 1, 2024	140,049,500	n/a	0	140,049,500
Jan. 1, 2025	128,870,900	n/a	0	128,870,900
Jan. 1, 2026	118,585,600	n/a	0	118,585,600

Perryton ISD Financial Impact of Chapter 313 Agreement

Palo Duro Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Palo Duro Wind is \$17.344 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Perryton ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.04 for the life of this agreement.
- The district currently has outstanding bonded indebtedness that are scheduled to payoff in 2036 and currently has a \$.06 I&S rate. The annual debt payment is approximately \$1,440,000. The additional value of the company will further reduce the I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.040	0.093	80,223	0	n/a	0	0
2015-2016	1.040	0.076	3,080,626	0	n/a	0	0
2016-2017	1.040	0.077	2,834,504	2,730,504	n/a	(2,054,699)	675,805
2017-2018	1.040	0.050	2,608,074	2,504,074	114,694	0	2,618,768
2018-2019	1.040	0.049	2,399,743	2,295,743	108,532	0	2,404,275
2019-2020	1.040	0.048	2,208,076	2,104,076	102,956	0	2,207,032
2020-2021	1.040	0.047	2,031,733	1,927,733	97,909	0	2,025,642
2021-2022	1.040	0.046	1,869,484	1,765,484	93,344	0	1,858,829
2022-2023	1.040	0.040	1,720,208	1,616,208	85,081	0	1,701,289
2023-2024	1.040	0.039	1,582,874	1,478,874	81,679	0	1,560,553
2024-2025	1.040	0.038	1,456,515	0	1,509,734	0	1,509,734
2025-2026	1.040	0.038	1,340,257	0	782,696	0	782,696
2026-2027	1.040	0.037	1,233,290	0	0	0	0
Totals			24,445,606	16,422,695	2,976,625	(2,054,699)	17,344,621

Perryton ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Perryton ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 3.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2012 taxable value was used as a baseline for all projections
- The district's enrollment is projected to increase slightly; therefore, the projected ADA and WADA for school year 2012-2013 was increased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Perryton ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Palo Duro Wind (Table III), the addition of Palo Duro Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Palo Duro Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Palo Duro Wind:

Fiscal Year					Revenue		
	Total Taxable Value	M&O Taxes		Recapture Amount	Tier I Total Revenue	Above Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2014-2015	1,543,295,849	15,432,958	1,261,155	0	16,694,113	781,346	17,475,459
2015-2016	1,589,594,724	15,895,947	889,293	0	16,785,240	785,181	17,570,421
2016-2017	1,637,282,566	16,372,826	873,520	106,009	17,140,337	789,037	17,929,374
2017-2018	1,686,401,043	16,864,010	883,651	515,860	17,231,802	792,914	18,024,716
2018-2019	1,736,993,074	17,369,931	898,523	940,039	17,328,415	796,812	18,125,226
2019-2020	1,789,102,866	17,891,029	913,508	1,378,988	17,425,549	800,731	18,226,280
2020-2021	1,842,775,952	18,427,760	901,466	1,833,158	17,496,067	804,671	18,300,738
2021-2022	1,898,059,231	18,980,592	941,970	2,303,018	17,619,545	808,632	18,428,177
2022-2023	1,955,001,008	19,550,010	956,213	2,789,048	17,717,175	812,615	18,529,790
2023-2024	2,013,651,038	20,136,510	969,847	3,291,743	17,814,614	816,619	18,631,233
2024-2025	2,074,060,569	20,740,606	983,631	3,811,615	17,912,621	823,251	18,735,873
2025-2026	2,136,282,386	21,362,824	996,820	4,349,188	18,010,456	847,891	18,858,347
2026-2027	2,200,370,858	22,003,709	1,009,475	4,905,005	18,108,179	873,270	18,981,449

Perryton ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Palo Duro Wind without Chapter 313 Agreement:

					Revenue		
		M&O Taxes			Tier I	Above	Total
Fiscal	Total Taxable	Compressed	State	Recapture	Total	Comp	District
Year	Value	Rate	Revenue	Amount	Revenue	Rate	Revenue
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	20,655,566
2016-2017	1,909,831,066	19,098,311	948,131	3,104,105	16,942,336	775,486	17,717,822
2017-2018	1,937,177,343	19,371,773	951,492	3,272,516	17,050,749	780,552	17,831,301
2018-2019	1,967,737,574	19,677,376	960,134	3,474,382	17,163,128	785,551	17,948,678
2019-2020	2,001,417,866	20,014,179	969,456	3,708,678	17,274,956	794,485	18,069,441
2020-2021	2,038,134,852	20,381,349	952,270	3,974,516	17,359,102	809,024	18,168,127
2021-2022	2,077,817,331	20,778,173	988,107	4,271,099	17,495,182	824,739	18,319,920
2022-2023	2,120,405,608	21,204,056	998,116	4,597,740	17,604,432	841,604	18,446,035
2023-2024	2,165,850,438	21,658,504	1,007,910	4,953,857	17,712,557	859,600	18,572,157
2024-2025	2,214,110,069	22,141,101	1,018,214	5,338,961	17,820,353	878,711	18,699,064
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	18,953,352

TABLE V – District Revenues with Palo Duro Wind with Chapter 313 Agreement:

Fiscal Year					Revenue			
	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Tier I	Above	Payment	Total District Revenue
					Total	Comp	for District	
					Revenue	Rate	Losses	
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	0	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	0	20,655,566
2016-2017	1,847,282,566	16,472,826	1,198,526	2,877,378	14,993,974	669,149	2,054,899	17,717,822
2017-2018	1,696,401,043	16,964,010	886,207	618,750	17,231,467	792,760	0	18,024,227
2018-2019	1,746,993,074	17,469,931	901,028	1,042,860	17,328,099	796,662	0	18,124,761
2019-2020	1,799,102,866	17,991,029	915,966	1,481,740	17,425,254	800,585	0	18,225,839
2020-2021	1,852,775,952	18,527,760	903,878	1,935,845	17,495,793	804,529	0	18,300,322
2021-2022	1,908,059,231	19,080,592	944,341	2,405,640	17,619,294	808,494	0	18,427,788
2022-2023	1,965,001,008	19,650,010	958,542	2,891,806	17,716,946	812,481	0	18,529,427
2023-2024	2,023,651,038	20,236,510	972,139	3,394,240	17,814,409	816,489	0	18,630,897
2024-2025	2,214,110,069	22,141,101	975,293	4,158,296	18,958,097	878,711	0	19,836,808
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	0	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	0	18,953,352

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

Perryton ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Palo Duro Wind Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Perryton ISD by Palo Duro Wind, the projected amount of these payments over the life of the agreement is \$2,962,130 of the \$17.344 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Perryton ISD Share \$100/ADA	Palo Duro Wind's Share
2014-2015	0	221,100	(221,100)
2015-2016	0	222,206	(222,206)
2016-2017	675,805	223,317	452,489
2017-2018	2,618,768	224,433	2,394,334
2018-2019	2,404,275	225,555	2,178,720
2019-2020	2,207,032	226,683	1,980,349
2020-2021	2,025,642	227,816	1,797,825
2021-2022	1,858,829	228,956	1,629,873
2022-2023	1,701,289	230,100	1,471,188
2023-2024	1,560,553	231,251	1,329,302
2024-2025	1,509,734	232,407	1,277,327
2025-2026	782,696	233,569	549,127
2026-2027	0	234,737	(234,737)
Totals	17,344,621	2,962,130	14,382,491

Perryton ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Perryton Kindergarten	EE-KG	17	340	323	17
James Wright Elem.	1-3	34	680	604	76
Edwin Williams Int	4-5	24	480	338	142
Perryton Jr High	6-8	33	594	538	56
Perryton High School	9-12	50	900	540	360
Total		158	2,994	2,343	651

The building capacities are based on 20 students per classroom for elementary and 18 students per classroom for secondary. Perryton ISD is a early education through 12th grade district.

Palo Duro Wind Energy, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that eight full-time employees are expected. It is not known whether these would be new employees to the Perryton ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new eight positions equates to 4 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Perryton ISD as displayed in Table VII above.

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Palo Duro Wind Energy, LLC, would be beneficial to both Palo Duro Wind and Perryton ISD under the current school finance system.

Palo Duro Wind Energy, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Palo Duro Wind is projected to benefit from a 84% tax savings over the first twelve year period of this agreement. Palo Duro Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Perryton ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Palo Duro Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

Attachment 3

Ochiltree County

Population

- Total county population in 2010 for Ochiltree County: 9,758 , down 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Ochiltree County was the state's 168rd largest county in population in 2010 and the 213rd fastest growing county from 2009 to 2010.
- Ochiltree County's population in 2009 was 50.3 percent Anglo (above the state average of 46.7 percent), 0.3 percent African-American (below the state average of 11.3 percent) and 47.1 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Ochiltree County:

Perryton:	8,450
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Economy and Income

Employment

- September 2011 total employment in Ochiltree County: 5,516 , up 1.4 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Ochiltree County unemployment rate: 4.4 percent, down from 4.6 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Ochiltree County's ranking in per capita personal income in 2009: 49th with an average per capita income of \$38,118, down 11.6 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Ochiltree County averaged \$241.15 million annually from 2007 to 2010. County total agricultural values in 2010 were up 90.1 percent from 2009. Major agriculture related commodities in Ochiltree County during 2010 included:

▪ Sorghum	▪ Corn	▪ Wheat	▪ Fed Beef	▪ Hogs
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- 2011 oil and gas production in Ochiltree County: 1.6 million barrels of oil and 17.3 million Mcf of gas. In September 2011, there were 584 producing oil wells and 855 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Ochiltree County during the fourth quarter 2010: \$45.83 million, up 30.7 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Perryton:	\$38.08 million, up 29.9 percent from the same quarter in 2009.
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Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Ochiltree County through the fourth quarter of 2010: \$159.65 million, up 11.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Perryton:	\$130.79 million, up 9.8 percent from the same period in 2009.
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Annual (2010)

- Taxable sales in Ochiltree County during 2010: \$159.65 million, up 11.1 percent from 2009.
- Ochiltree County sent an estimated \$9.98 million (or 0.06 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Perryton:	\$130.79 million, up 9.8 percent from 2009.
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Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Ochiltree County based on the sales activity month of August 2011: \$314,060.19, up 22.3 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 Perryton: \$314,060.19, up 22.3 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Ochiltree County based on sales activity months from September 2010 through August 2011: \$4.04 million, up 39.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 Perryton: \$4.04 million, up 39.3 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Ochiltree County based on sales activity months through August 2011: \$2.77 million, up 42.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 Perryton: \$2.77 million, up 42.4 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Ochiltree County based on sales activity in the 12 months ending in August 2011: \$4.04 million, up 39.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 Perryton: \$4.04 million, up 39.3 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:
 Perryton: \$3.46 million, up 44.2 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Ochiltree County based on sales activity months in 2010: \$3.22 million, up 11.2 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 Perryton: \$3.22 million, up 11.2 percent from 2009.

Property Tax

- As of January 2009, property values in Ochiltree County: \$1.25 billion, up 5.2 percent from January 2008 values. The property tax base per person in Ochiltree County is \$128,138, above the statewide average of \$85,809. About 43.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Ochiltree County's ranking in state expenditures by county in fiscal year 2010: 190th. State expenditures in the county for FY2010: \$23.82 million, up 0.2 percent from FY2009.
- In Ochiltree County, 6 state agencies provide a total of 23 jobs and \$196,391.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - Parks & Wildlife Department
 - Health & Human Services Commission

- AgriLife Extension Service

Higher Education

- Community colleges in Ochiltree County fall 2010 enrollment:

- None.

- Ochiltree County is in the service area of the following:

- Frank Phillips College with a fall 2010 enrollment of 1,208 . Counties in the service area include:

Dallam County
Hansford County
Hartley County
Hemphill County
Hutchinson County
Lipscomb County
Ochiltree County
Roberts County
Sherman County

- Institutions of higher education in Ochiltree County fall 2010 enrollment:

- None.

School Districts

- Ochiltree County had 1 school districts with 6 schools and 2,255 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

- Perryton ISD had 2,255 students in the 2009-10 school year. The average teacher salary was \$41,969. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.